

**MONTANA INDEPENDENT TELECOMMUNICATIONS  
SYSTEMS, INC.**

519 N. Sanders  
P. O. Box 5237  
Helena, Montana 59604-5237

Telephone: (406) 443-1940  
Facsimile: (406) 443-2880

DOCKET FILE COPY ORIGINAL

Michael C. Strand  
Executive Vice-President  
and General Counsel

September 25, 1995

RECEIVED

SEP 26 1995

Office of the Secretary  
Federal Communications Commission  
Washington, D.C. 20554

FCC MAIL ROOM

Re: Comments of Montana Independent Telecommunications  
Systems, Inc.

Dear Sir/Madam:

Enclosed for filing, please find an original and four copies of Comments from Montana Independent Telecommunications Systems, Inc., which are due on September 27, 1995.

If you have any questions, please contact my administrative assistant, Tammy at 406-449-6007 or 406-443-1940.

Thank you for your assistance in this matter.

Sincerely,



Michael C. Strand  
Executive Vice-President  
and General Counsel

MCS:tss

cc: Ernestine Creech  
ITS

Enc: Comments (original plus four copies)

No. of Copies rec'd  
List ABCDE

024

RECEIVED

SEP 26 1995

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

FCC MAIL ROOM

In the Matter of )  
 )  
Amendment of the Commission's )  
Rules and Policies to )  
Increase Subscribership and )  
Usage of the Public Switched )  
Network )

FCC No. 95-281

CC Docket No. 95-115

DOCKET FILE COPY ORIGINAL

**COMMENTS OF MONTANA INDEPENDENT TELECOMMUNICATIONS  
SYSTEMS, INC.**

Adopted: July 13, 1995; Released: July 20, 1995

Comments Due: September 27, 1995

Replies Due: October 27, 1995

By the Commission:

**TABLE OF CONTENTS**

	Page
I. INTRODUCTION . . . . .	2
II. PROPOSALS TO INCREASE SUBSCRIBERSHIP . . . . .	3
A. Disconnection Related to Failure to Pay Interstate Long- Distance Charges . . . . .	3
1. Call Control Services . . . . .	4
a. Voluntary Long-Distance Blocking Services . . . . .	4
b. Other Long-Distance Restriction Services . . . . .	5
2. Assistance with Connection Charges and Deposits . . . . .	6
3. Disconnection Restrictions . . . . .	7
4. Lifeline Assistance . . . . .	7
B. Services Targeted for Low-Income Populations that are Highly Mobile . . . . .	8
C. Extending Telephone Service to Unserved Areas . . . . .	8
III. SUBSCRIBERSHIP BARRIERS AND MEASUREMENTS . . . . .	8
IV. CONSUMER AWARENESS . . . . .	8
V. LEGAL AUTHORITY . . . . .	9

## **I. INTRODUCTION**

Montana Independent Telecommunications Systems, Inc. (hereafter "MITS") is a statewide association currently comprised of the following five small telephone companies serving rural Montana: Nemont Telephone Cooperative, Inc., Triangle Telephone Cooperative Association, Inc., Valley Telecommunications, Inc., Central Montana Communications, Inc., and Project Telephone Company.

The subscribership issues raised in the Commission's Notice of Proposed Rulemaking (NPRM) are of particular importance to MITS' members for several reasons. First, many of our rural subscribers are located in remote areas or areas of rugged terrain, making the provision of service to them costly and difficult. Second, there are relatively large numbers of Native Americans within the service areas of these companies and we face the challenges daily of working within the particular cultural and economic framework of these areas. Third, and perhaps most importantly, all of MITS members are either cooperatives or subsidiaries of cooperatives. The entire history and spirit of our cooperatives has been to provide service in areas and to consumers that no one else wanted to serve. We therefore consider ourselves to be the very backbone of the Universal Service concept.

Our specific comments will follow this introduction. However, at the outset, we would like to state what we believe to be an important underlying theme. We believe that the United States has attained a level of subscribership that is nothing short of

remarkable in comparison with the rest of the world. This level of subscribership has been attained through the hard work, intelligence, and foresight of a disparate group of individuals and companies, including industry players, regulators, politicians, and others. We believe that further increasing the level of subscribership in the United States is a laudable and lofty goal. However, the level of subscribership that we have already achieved is so outstanding that we would urge great caution in making sweeping changes to current programs. Radical change may increase subscribership in certain areas and among certain groups while at the same time causing the loss of subscribers in other areas and among other groups due to the reduction or absence of effective support mechanisms.

In particular, we would refer to the Universal Service Fund and the DEM Weighting Programs. The Commission's current expression of interest in boosting subscribership, while at the same time outlining proposals for the elimination or reduction of highly effective programs such as USF and DEM Weighting, is ironic. We believe that one of the surest ways to lower subscribership would be to eliminate DEM Weighting and make sweeping changes to the Universal Service Fund. We would enthusiastically support very careful fine tuning of those support programs, but we are frankly fearful of the consequences of dramatic change to them.

## **II. PROPOSALS TO INCREASE SUBSCRIBERSHIP**

### **A. Disconnection Related to Failure to Pay Interstate Long-Distance Charges.**

MITTS members have first-hand experience with customers who have difficulty paying their interstate long-distance charges. However, as noted by the Commission, Montana is one of the states that prohibits disconnection of local service for non-payment of interstate long-distance charges. MITTS members have no objection to this prohibition as a matter of public policy.

**1. Call Control Services**

**a. Voluntary Long-Distance Blocking Services**

As the Commission recognizes in the NPRM, there are costs associated with long-distance blocking, such as switching and software costs. We assume that the Commission also recognizes that there are lost revenues associated with this kind of blocking as well.

MITTS members currently offer voluntary toll blocking at prices ranging from \$2 to \$5 per month. This blocking allows telephone subscribers to place 800 calls and 911 emergency calls. We are unaware of any significant cost differential between applying blocking to a new, as opposed to an existing, subscriber.

We must point out, however, that the toll restriction programs offered by MITTS members apply to all toll calling, whether interstate or intrastate. Our understanding is that the Commission would require voluntary blocking of interstate calls only. We are currently unaware of the technology that might be required to limit toll restriction to the blocking of only interstate calls.

Assuming that the technology was available to allow for blocking only interstate as opposed to intrastate toll calls, and

assuming such technology was available at an economically feasible cost, we would presume that the FCC would have the authority to regulate interstate call blocking through the Interstate Commerce Clause of the Constitution and the federal enabling legislation allowing the FCC to regulate interstate telecommunications.

**b. Other Long-Distance Restriction Services**

MITTS recognizes that toll call restriction need not be an all-or-nothing approach. Many consumers are capable of maintaining some toll usage, but get into trouble when faced with one or more particularly large long-distance bills.

Accordingly, our members have begun utilizing debit card systems that allow customers to purchase a certain dollar amount of toll calling. The customers may then place toll calls until the pre-purchased toll has been exhausted. Although this program is offered to all customers, our hope is that it will be particularly effective in maintaining and increasing subscribership among the Native American population in our service areas. Joblessness has long been a problem on many if not most reservations. Moreover, much of the employment that does exist is of a seasonal or temporary nature. Debit cards may be a way of encouraging the purchase of telecommunications services during employment periods and stretching the prepaid services through periods of reduced or nonemployment.

We are less certain of the possibility of initiating voluntary time-of-day restrictions on toll calling. Although such restrictions may be technically feasible, our technical people were

unable to hypothesize just how such a program could be implemented. Our position at this point is that the availability of voluntary toll blocking on an all-or-nothing basis, coupled with the availability of debit cards, adequately addresses the problem stated by the Commission.

## **2. Assistance with Connection Charges and Deposits**

MTS members believe that the Link Up program is a much needed benefit to those in the lower income brackets. While Link Up may not bring particularly large numbers of subscribers to the network, it is vitally important to the individual subscriber who participates in the program. Many subscribers currently receiving service would not otherwise be able to afford to have telephone service.

However, we are somewhat troubled by the proposed requirement for adjusting deposits for subscribers that agree to accept voluntary toll restriction service. Since voluntary toll restriction is already available to MTS members, we already base our deposits upon our perception of the security we need to justify reconnecting the subscriber, including toll restriction considerations. Montana law allows our members to base deposits on projected toll call wage. Calling may then be monitored and additional security can be required if usage exceeds the amount projected by the customer. This may address the Commission's concern.

The Commission should recognize that, while the goal of maximizing subscribership is fundamentally sound, the phenomenon of

chronic non-payment of telecommunications bills sometimes arises not from an inability to pay, but rather from simple irresponsibility on the part of some subscribers. There are certain subscribers for whom telecommunications bills are far lower in the order of priority of payment than are many other expenditures that might not be perceived by most other subscribers as reflective of responsible spending habits. Considering the substantial costs to the local exchange carrier of repeated disconnections and reconnections as well as lost revenues for uncollectible bills, it is inappropriate for the Commission to require more responsible subscribers to subsidize these few chronically irresponsible subscribers on an unending basis.

### **3. Disconnection Restrictions**

As noted above, MITS members are already prohibited from disconnecting local service for failure to pay interstate long-distance bills. MITS members have no objection to this prohibition as a matter of public policy.

### **4. Lifeline Assistance**

The Lifeline Assistance program is a much needed benefit to those in the lower income brackets. Many of those receiving service would not otherwise be able to afford to have telephone service. However, we do not perceive the necessity for changes in the existing program. The program is successful in its current form and should be maintained.



**B. Services Targets for Low-Income Populations that are Highly Mobile**

As noted above, MITS members are currently offering programs of the kind mentioned by the Commission, such as prepaid long-distance cards and voice mailboxes. However, low income subscribers in rural Montana are typically not highly mobile, and therefore this problem is not perceived to be significant among MITS' members. Therefore, we would ask the Commission to not impose costly regulation in areas where highly mobile low income populations are not a problem.

**C. Extending Telephone Service to Unserved Areas**

BETRS has been highly successful in bringing service to remote areas where terrain is relatively level. The program has been less successful in areas of rugged terrain and in some instances bringing wire line to these remote areas remains more cost effective than constructing the amount of radio facilities necessary to reach subscribers.

**III. SUBSCRIBERSHIP BARRIERS AND MEASUREMENTS**

As imperfect as the current system for measuring subscribership may be, there do not seem to be truly cost effective alternatives. Certainly formulae could be developed to at least theorize the number of subscribers who receive all of their telecommunications needs at work or through wireless technology.

**IV. CONSUMER AWARENESS ISSUES**

MITS members have a vested interest in keeping consumers aware of the opportunities to gain access to the network. A Commission-mandated education program is unlikely to be more effective than

market forces in encouraging companies to foster such awareness.

**V. LEGAL AUTHORITY**

The Interstate Commerce Clause of the Federal Constitution has been broadly interpreted by the Supreme Court in favor of the interstate regulatory power of federal agencies. This clause, coupled with the federal enabling legislation granting authority to the FCC to regulate interstate telecommunications probably gives the FCC the authority to implement the proposals contained in the Notice of Proposed Rulemaking. However, the Commission should note that any requirement to implement voluntary interstate toll blocking would be interpreted by MITS members as being contained within the voluntary blocking of all toll calls, whether of an interstate or intrastate nature.

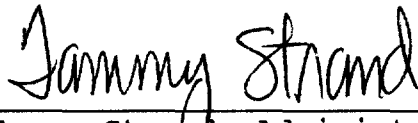
RESPECTFULLY SUBMITTED this 25<sup>th</sup> day of September, 1995.

MONTANA INDEPENDENT TELECOMMUNICATIONS  
SYSTEMS, INC.

By   
Michael C. Strand

**CERTIFICATE OF SERVICE**

I, TAMMY STRAND, certify that a copy of the foregoing Comments of the Montana Independent Telecommunications Systems, Inc. in CC Docket No. 95-115 was served on this 25th day of September, 1995, by express mail, postage prepaid, to the Federal Communications Commission, International Transcription Services and to each member of the Federal State Joint Board and its staff as indicated on the service list attached to the Notice of Inquiry.

A handwritten signature in cursive script that reads "Tammy Strand". The signature is written in dark ink and is positioned above a horizontal line.

Tammy Strand, Administrative Assistant